

RD AN No. 3589 (4279-B)
November 20, 2000

SUBJECT: Business and Industry Guaranteed Loan Program
Priority Point Scoring Issues

TO: State Directors, Rural Development

ATTN: Business Programs Directors

PURPOSE/INTENDED OUTCOME:

There have been many priority scoresheets submitted for National Office reserve competition that were inaccurate or otherwise incorrect for which points have been disallowed. The purpose of this Administrative Notice (AN) is to clarify several issues regarding the awarding of points in accordance with RD Instruction 4279-B, section 4279.155(b).

COMPARISON WITH PREVIOUS AN:

No previous AN has been issued on this subject.

IMPLEMENTATION RESPONSIBILITIES:

Effective immediately, State Offices must provide brief supporting documentation on the priority scoresheet itself, Appendix C of RD Instruction 4279-B, when submitting requests for funds to the National Office. The National Office will then be in a better position to determine compliance with RD Instruction 4279-B, section 4279.155(b).

In addition to the need for justification of priority points, clarification is needed on several of the criteria listed in section 4279.155(b) to receive points. For example:

1. In order to receive points for the percentage of guarantee being 10 or more percentage points less than the maximum allowed, a project that would qualify for an 80 percent guarantee must have a 70 percent or less guarantee, a project that would qualify for a 70 percent guarantee must have a 60 percent or less guarantee,

EXPIRATION DATE:
November 30, 2001

FILING INSTRUCTIONS:
Preceding RD Instruction 4279-B

and a project that would qualify for a 60 percent guarantee must have a 50 percent or less guarantee. You may not consider 90 percent guarantees the maximum allowed since a 90 percent guarantee requires an exception to the regulations.

2. In order to receive points for an industry that is not already present in the community, a project must be a new business that is not already in the community. Renovation or expansion projects do not qualify for these points since the business already existed in the community.
3. In order to receive points for a business that will produce a natural resource value-added product, the business must manufacture a product from a natural resource. Hotels and other types of businesses that do not manufacture products from a natural resource cannot receive points for this criterion.
4. The occupations section of the high impact business investment priorities (section 5C of the scoresheet) cannot exceed 10 points; therefore, you may not give points for both criteria in this category.
5. In order to receive priority points, the borrowing entity must meet the priority point criteria, not another business that may benefit from the guaranteed loan to our borrower.

The National Office will be monitoring priority scoresheets more closely to ensure compliance with RD Instruction 4279-B, section 4279.155(b), prior to funding projects from the National Office reserve. Points that are awarded to projects incorrectly will be disallowed.

If you have any questions, please contact the Business Programs Processing Division at (202) 690-4100.

(Signed by Wilbur T. Peer)

WILBUR T. PEER
Acting Administrator
Rural Business-Cooperative Service